

Message Text

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ORIGIN ARA-10

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EX-IM - T.CHAPMAN (SUBS)

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R 231600Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE

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E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: FINANCIAL PROBLEMS OF LATIN AMERICAN BANK

1. MR. GERHARD HAUS, MR. DIETER HASE, AND MR. DIETER MUNICH OF THE UNION BANK OF BAVARIA WILL BE IN SAN JOSE NEXT WEEK TO ATTEND THE MAY 28 MEETING OF CREDITORS OF THE LATIN AMERICAN BANK. MR. HAUS IS THE VICE PRESIDENT OF THE NEW YORK OFFICE OF THE UNION BANK AND MESSRS HASE AND MUNICH ARE COMING FROM THE HEAD OFFICE OF THE BANK IN GERMANY. THE GENERAL MANAGER OF THE NEW YORK OFFICE, MR. T.E.G. BRUNNER CALLED THE DEPARTMENT ON MAY 22 TO ASK FOR OUR ASSISTANCE IN ARRANGING A MEETING BETWEEN THESE GENTLEMEN AND AN EMBASSY OFFICIAL WHEN THEY ARRIVE IN SAN JOSE. THEY ARE INTERESTED IN GENERAL BACKGROUND INFORMATION ON LAB, THE PROIN GROUP AND THE RODRIGUEZ BROTHERS. MR. BRUNNER ASSURED US THAT ANY INFORMATION PROVIDED BY THE EMBASSY WOULD BE TREATED CONFIDENTIALLY.

2. MR. BRUNNER INFORMED US THAT THE UNION BANK WHICH HE DESCRIBED AS ONE OF THE FOUR LARGEST BANKS IN GERMANY, HAS LIMITED OFFICIAL USE

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ALMOST ONE MILLION DOLLARS LENT TO L.A.B. WHILE HIS BANK

IS QUITE CONCERNED WITH THE CURRENT SITUATION IT APPEARS
THAT THEY ARE WILLING TO COOPERATE WITH THE COSTA RICAN

CENTRAL BANK AND OTHERS IN FINDING AN AMICABLE SOLUTION
TO THE PROBLEM.

3. WE SUGGESTED THAT MR. HAUS TELEPHONE THE EMBASSY UPON
ARRIVAL AND ASK FOR AN APPOINTMENT WITH MR. GEORGE OGG.
MR. HAUS WILL PROBABLY CALL THE MORNING OF MAY 27.

4. ON A RELATED MATTER THE DEPARTMENT RECEIVED A CALL ON
MAY 21 FROM MR. JOHN GOLDBURY OF THE CLEVELAND TRUST
COMPANY. MR. GOLDBURY'S BANK IS ALSO A CREDITOR OF LAB'S.
MR. GOLDBURY WAS CURIOUS AS TO WHAT THE POLITICAL AND
FOREIGN POLICY IMPLICATIONS OF A LAB FAILURE WOULD BE.
WE INFORMED HIM THAT WHILE WE WERE AWARE OF NO DIRECT
POLITICAL CONSEQUENCES WHICH WOULD FOLLOW FROM LAB'S FOLD-
ING THERE WOULD PROBABLY BE ECONOMIC EFFECTS FOR
COSTA RICA AND SUCH A FAILURE MIGHT AD-
VERSELY AFFECT COSTA RICA'S INTERNATIONAL CREDIT RATING.
MR. GOLDBURY INFORMED US THAT COSTA RICAN AMBASSADOR SILVA
AND A REPRESENTATIVE OF THE COSTA RICAN CENTRAL BANK HAD
REQUESTED LAB'S CREDITORS AT THE MAY 19 MEETING IN NEW
YORK TO AGREE TO A 60 DAY DEBT MORATORIUM. A MEMORANDUM
OF THIS CONVERSATION IS BEING POUCHED TO THE EMBASSY. INGERSOLL

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